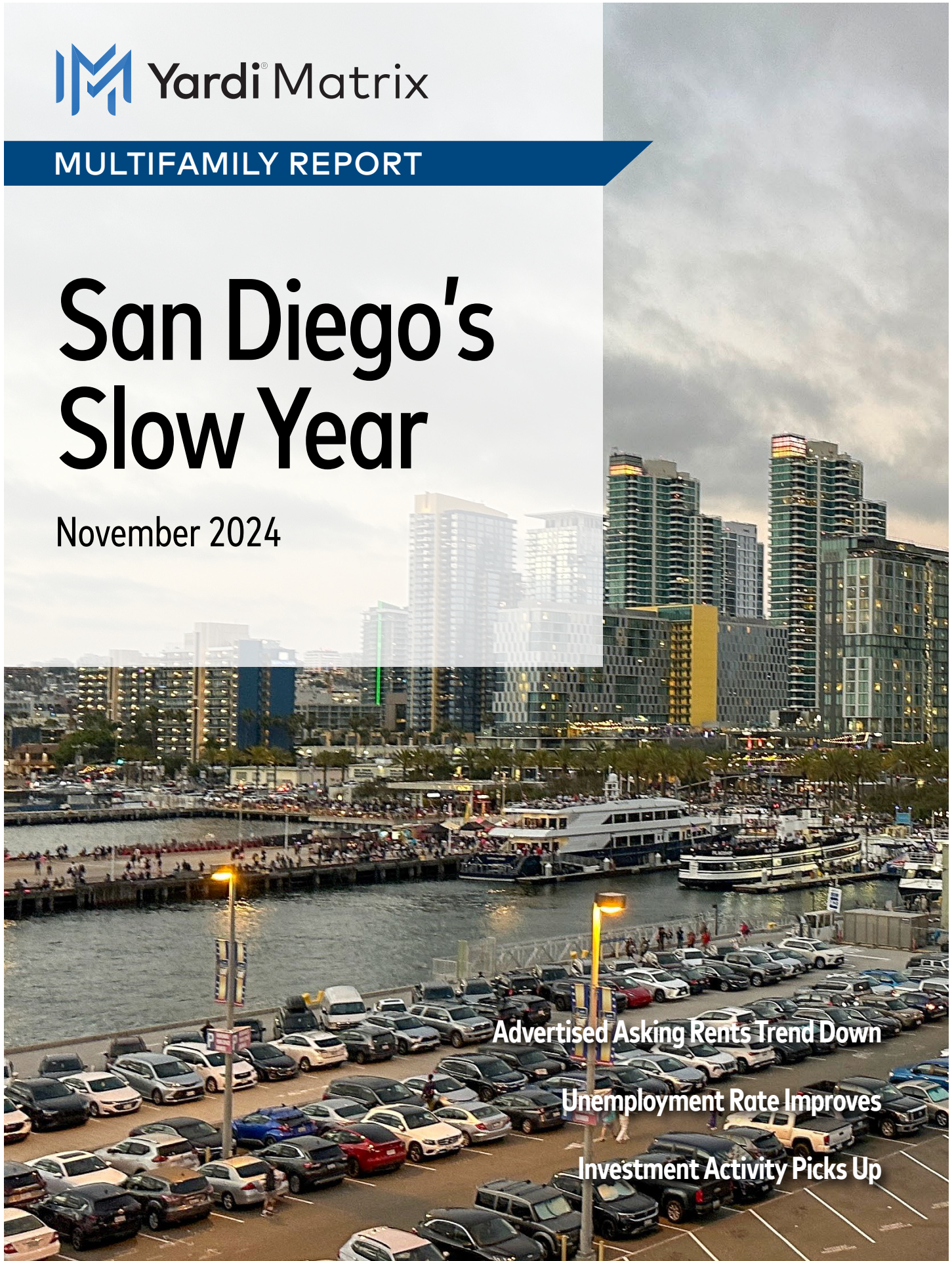




MULTIFAMILY REPORT

San Diego's Slow Year

November 2024



Advertised Asking Rents Trend Down

Unemployment Rate Improves

Investment Activity Picks Up

SAN DIEGO MULTIFAMILY



Asking Rents Contract, Investment Improves

San Diego's multifamily market ended the third quarter on a decelerating path, with advertised asking rents down 0.2%, on a trailing three-month basis through September, to \$2,728. The national average remained unchanged for the quarter, at \$1,750. The metro's occupancy declined 40 basis points year-over-year, to 96.1% in September, outperforming the 94.8% U.S. figure.

Unemployment in San Diego stood at 5.0% in August, according to preliminary data from the Bureau of Labor Statistics. This was the highest figure since October 2021. Job gains slowed down, to a 0.8% expansion over the 12 months ending in July, lagging the U.S. figure by 50 basis points. This represented a net gain of 13,500 jobs, with education and health services (12,900 jobs) and government (5,500) leading growth. Professional and business services (-4,500) and manufacturing (-3,700) recorded significant losses.

San Diego developers completed 2,977 units year-to-date through September, which represented 1.4% of stock and lagged the U.S. rate by 70 basis points. A 60% year-over-year drop in construction starts confirmed the slowdown in activity, a trend present across most markets. However, multifamily demand remained steady. Meanwhile, transactions recorded a 25% year-over-year volume increase, to a total of \$671 million for the first three quarters.

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Recent San Diego Transactions

ALX



City: San Diego
Buyer: Virtu Investments
Purchase Price: \$137 MM
Price per Unit: \$437,700

AVA Balboa Park



City: San Diego
Buyer: AvalonBay Communities
Purchase Price: \$51 MM
Price per Unit: \$510,000

Encinitas Terrace Senior



City: Encinitas, Calif.
Buyer: Property West
Purchase Price: \$29 MM
Price per Unit: \$286,275

Mar at Mesa



City: San Diego
Buyer: F&F Income Properties
Purchase Price: \$22 MM
Price per Unit: \$346,774